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C O N F I D E N T I A L SECTION 01 OF 02 CANBERRA 000919

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SUBJECT: AUSTRALIA'S FIJI FRUSTRATIONS FESTER

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Classified By: Pol/Econ Counselor Edgard Kagan, Reasons 1.4(b)(d).

¶1. (C/NF) Summary: Australia remains deeply frustrated with
Fijian strongman Frank Bainimarama's unwillingness to engage
the international community and remains committed to policy
of isolating the Fijian regime, while accepting that this
will take a long time to show results. According to
Department of Foreign Affairs and Trade (DFAT) Assistant
Secretary Geoff Tooth, while the Fijian economy has
deteriorated severely the country has enough foreign currency
reserves to last another 12-18 months before it faces a
balance of payments crisis. Australia supports International
Monetary Fund (IMF) engagement (with tough conditionality)
sooner rather than later "when the inevitable fall comes," so
that people and processes are already in place to pick up the
pieces. But Tooth believes Fiji will not ask for IMF
assistance, because of those conditions, until the situation
becomes dire. Tooth also noted that Bainimarama has proved
himself a cannier populist politician than many originally
thought. End Summary.

No Change in Australian Policy

¶2. (C/NF) Geoff Tooth, DFAT Assistant Secretary for Papua New
Guinea and Fiji acknowledged that Australia's efforts to
suspend Fiji from the Commonwealth and the Pacific Islands
Forum have not yet yielded positive results. Australia
believes, however, that keeping the pressure on Bainimarama
is the correct moral position, even if it does take a long
time. Australia refuses to talk to Bainimarama "on his
terms" and sees no positive outcomes in reversing policy.

¶3. (C/NF) Australian National Security Advisor Duncan Lewis
commented separately on September 30 that the Fijians had
made a "blunder" in not having their UN Permrep participate
in Secretary Clinton's meeting with Pacific Island state
representatives on the margins of the UNGA in New York.
Lewis said that Canberra had appreciated U.S. sensitivity to
Australian and New Zealand concerns about inviting Fiji but
had fully understood our reasoning. Noting that he has spent
far more time dealing with Fiji than he would like, Lewis
said that he was not at all surprised that Bainimarama had
"missed another opportunity."

Australia Open to IMF Assistance

¶4. (C/NF) Tooth said Australia supports IMF assistance to Fiji, though he did not think Bainimarama would ultimately ask for the help because it would come with conditionalities.

The Fijian economy can survive roughly 12-18 more months, Tooth believes, before it faces a balance of payments crisis.

However, he admitted DFAT did not have an exact understanding of economic conditions of Fiji. In general, Australia sees very bleak economic prospects for Fiji and no catalysts for political change within the country. Many in the educated Indian community simply continue to leave, Tooth noted.

Bainimarama: Isolated but Crafty

¶5. (C/NF) Tooth described Bainimarama as more and more isolated. But while Bainimarama's sources of information have narrowed because he has fired many older, more experienced advisors, he has demonstrated a surprisingly deft feel for populist politics. Tooth said Australian reporting suggested that two of Bainimarama's decisions - the 2007 suspension of the Council of Chiefs and the cancellation of the Methodist church conference in August 2009 - actually played better with average Fijians than many outsiders originally thought. The ethnic Indians who originally supported Bainimarama (and have not left) are "stuck with him," according to Tooth. This frees him to pursue backing from the native Fijian community to expand his base. Ultimately, Tooth concluded, Bainimarama needs only the military to survive, and he has its support (or can buy off

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any particular officer as necessary).

Who Will Cry Uncle?

¶6. (C/NF) Comment: Though clearly frustrated and annoyed with criticism that its policy has "failed," Australia remains officially committed to isolating Bainimarama. However, this policy may prove flexible over coming 12-18 months as Australia's main goal is to avoid Fiji becoming a failed state. But as long as Fiji can avoid economic catastrophe (as it appears to have done for the time being), the Australians do not think Bainimarama will engage. Australia is privately rethinking its policy, but at this point it does not appear to have any practical solutions. End Comment.

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